

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. House Bill 960

PRINTER'S NO. 2048

AMOUNT

\$5,000,000 Savings

FUND

General

DATE INTRODUCED

March 7, 2011

PRIME SPONSOR

Representative Gingrich

HISTORY OF BILL

Referred to HEALTH, March 7, 2011

Reported as committed, April 5, 2011

First consideration, April 5, 2011

Laid on the table, April 5, 2011

Removed from table, April 6, 2011

Second consideration, April 11, 2011

Re-committed to APPROPRIATIONS, April 11, 2011

Re-reported as committed, April 12, 2011

Third consideration and final passage, April 12, 2011 (200-0)

In the Senate

Referred to PUBLIC HEALTH AND WELFARE, April 25, 2011

Reported as amended, June 8, 2011

First consideration, June 8, 2011

Second consideration, June 13, 2011

Re-referred to APPROPRIATIONS, June 13, 2011

Re-reported as committed, June 14, 2011

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DESCRIPTION AND PURPOSE OF BILL

House Bill 960 requires the department to establish uniform procedures for each county to use to identify, investigate and resolve potential fraud, misrepresentation or inadequate documentation prior to determining an applicant's eligibility for assistance. Every case is to be reviewed; every review is to use the Income Eligibility Verification system. Each applicant and recipient's social security number is to be cross-matched with the databases listed in the legislation. House Bill 960 also provides a specific reconciliation process if there is discrepancy between the individual's social security number and any of the databases. The department is prohibited from discontinuing or modifying the amount or type of assistance until the applicant or recipient has been given notice of the discrepancy and the opportunity to respond. The legislation requires that, beginning no later than one year after the effective date, the department submit an annual report detailing the results achieved including the number of cases closed and savings generated to the Governor, the General Assembly and the Inspector General.

Effective date is immediately for this part of the House Bill.

Further, House Bill 960 amends the Welfare Code to put limitations on the rates charged by health care providers to state or county correctional institutions for inmate's medical costs. Health care providers providing inpatient care and outpatient care to inmates shall not be able to charge a rate higher than rates paid within the Medical Assistance Program.

This part of the House Bill is to take effect in 60 days.

FISCAL IMPACT:

As a result of the Federal Deficit Reduction Act (DEFRA) of 1984, the department created an Income Eligibility Verification System; the federal law required states to implement data exchanges to provide information to caseworkers determining eligibility and the amount of the benefit. The department began implementation in 1987 (after the federal regulations were approved) and currently uses a computerized system to cross-check social security numbers with certain data exchanges. However, the system is operating administratively without departmental regulations or the authority of state law. House Bill 960 would create legislative mandate for the current operation.

Adoption of this component of the legislation would have no fiscal impact on Commonwealth funds at this time. Establishing a statutory basis for the IEVS system assures implementation of cross matching checks as a part of the eligibility determination process. Although difficult to quantify, it is estimated that out year savings will be generated due to a more aggressive application of the database information and increased determinations of ineligibility.

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By adding Article XIV-A to the Welfare Code, the Commonwealth will reduce the rates that the health care providers will be able to charge for the medical care of inmates in correctional institutions, both State and County. This reduction in the rates charged to the Commonwealth is estimated to save \$5.000 million. The Fiscal Year 2011-2012 Governor's Executive Budget, presented on March 8, 2011, assumes the savings under the Medical Care appropriation with the Department of Corrections.